



Related MLN Matters Article #: SE0668

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### *CMS Announces Part D Low Income Subsidy (LIS) Redetermination Information*

#### **Key Words**

SE0668, Part D, LIS, Low, Income, Subsidy, Redetermination

#### **Provider Types Affected**

Physicians, suppliers, providers, and their staff who serve Medicare beneficiaries

#### **Key Points**

- MLN Matters article SE0668 alerts providers that Medicare and Social Security are making decisions about whether some people who qualify for extra help (also referred to as the low-income subsidy) in 2006 will continue to qualify in 2007.
- People affected by these changes will receive information from Medicare or Social Security.
- The information provided in SE0668 is intended to help providers counsel their patients affected by these changes and help them understand their options for getting help paying for Medicare prescription drug coverage.

#### **Changes in Qualifying for Extra Help in 2007**

- A person will no longer automatically qualify for extra help in 2007 if he or she no longer:
  - Has both Medicare and Medicaid (full-benefit dual-eligible);
  - Belongs to a Medicare Savings Program (partial dual-eligible); or
  - Receives Supplemental Security Income (SSI) benefits.
- People who will no longer automatically qualify for extra help in 2007 will receive a notice and an application for extra help in the mail from Medicare by the end of September.
- If in the coming months a person's situation changes so that they again automatically qualify for extra help, Medicare will send them another notice letting them know that they qualify.
- Medicare is also mailing notices to people who will continue to automatically qualify for extra help in 2007, but whose co-payment levels will change as of January 1, 2007. Medicare will mail these notices by early October to let people know their new co-payment level.

- A change in co-payment level could result when there is a change in someone's Medicaid eligibility.
  - For example, if someone with both Medicare and Medicaid no longer resides in a nursing home, then he or she will no longer qualify for a \$0 co-payment effective January 1, 2007.
- People with no changes who continue to automatically qualify for extra help as of January 1, 2007, will not receive a notice.

### **Beneficiaries Might Still Save on Their Medicare Prescription Drug Coverage Costs Even if They Don't Qualify for Extra Help**

- Even if a person no longer automatically qualifies for extra help, they may still be able to save on Medicare prescription drug coverage costs.
- A person who no longer automatically qualifies may still qualify for extra help based on their income and resources, but will need to apply to Social Security or their State Medical Assistance (Medicaid) office to find out.
- Applying early is important so their extra help can be effective as early as January 1, 2007. Social Security's application for extra help and a self-addressed postage free envelope will be included in the mailing they receive. And if they don't qualify, there are still other ways to save on drug costs, as mentioned below.
- A person should apply and qualify for extra help if:
  - Yearly income is less than \$14,700 (single) or \$19,800 (married and living with their spouse); and
  - Resources are less than \$11,500 (single) or \$23,000 (married and living with their spouse). Resources include savings and stocks but not home or car.
- The above amounts are for 2006 and may change in 2007.
- If a beneficiary lives in Alaska or Hawaii, or pays at least half of the living expenses of dependent family members, income limits are higher.

### **How to Apply for Extra Help**

Beneficiaries may:

- Apply for extra help online through the Social Security Administration (SSA) at: <http://www.socialsecurity.gov/> on the SSA web site.
- Apply by phone, get a paper application mailed, or make an appointment at the local Social Security office, by calling 1-800-772-1213. TTY users should call 1-800-325-0778.
- Apply for extra help through the State Medical Assistance (Medicaid) office, by visiting <http://www.medicare.gov/> or calling 1-800-MEDICARE (1-800-633-4227) for their telephone number. TTY users should call 1-877-486-2048.

Providers should remind beneficiaries to apply or reapply for extra help if income and/or resources change.

- If patients still do not qualify for extra help, providers should encourage them to review the following options for lowering prescription drug coverage costs:
  - The state may have programs that provide help paying prescription drug costs. The patient should contact their State Medical Assistance (Medicaid) office for more information. They can call 1-800-MEDICARE or visit <http://www.medicare.gov/> for the Medicaid telephone number.
  - There may be Medicare drug plans available in a patient's area for 2007 with no premiums and no deductibles. Providers should encourage patients to compare these plans to their current plan. New Medicare drug plans can begin advertising as of October 1. Beneficiaries have the opportunity to switch Medicare drug plans from November 15 through December 31 each year. New coverage would begin January 1 of the following year.
- Providers should encourage patients to enroll early. If they're switching plans, joining the new Medicare drug plan as soon as possible gives the plan time to mail a membership card, acknowledgement letter, and welcome package before the new coverage becomes effective.

#### **People Who Applied and Qualified for Extra Help in 2006**

- SSA is reviewing the eligibility of people who applied and qualified for extra help prior to May 2006. This review will ensure these people are still eligible and receiving the appropriate amount of extra help.
- SSA mailed these individuals a letter at the end of August telling them what Social Security's records show for their income, resources and household size. A cost of living increase in their Social Security benefit will not be considered a change in their situation.
  - People who have no changes to their income, resources or household size should do nothing.
  - People who have any changes to their income, resources, or household size will need to return a one-page letter (L1026) in the envelope enclosed with the mailing within 15 days. SSA will then mail them a form called "Social Security Administration Review of Your Eligibility for Extra Help" (Form 1026B).
  - If these individuals fill out and return the form within 30 days, any change to the amount of extra help they qualify for will be effective in January 2007 unless their marital status changed. Changes in marital status may result in changes to the amount of extra help in the following month.
- SSA will also send the eligibility review form (1026B) directly to some people to complete because SSA already has information about a change in their income, resources or household composition. The Medicare beneficiary needs to return that form to the SSA within 30 days.
- SSA will review the eligibility review form (1026B) and send the person a letter explaining its decision. SSA may decide a person:
  - Has no change in the amount of extra help they receive, or
  - Has an increase in the amount of extra help they receive, or
  - Has a decrease in the amount of extra help they receive, or
  - No longer qualifies for extra help.

- If a beneficiary believes that SSA's decision is incorrect, they have the right to appeal it. The decision letter will explain their appeal rights. The following web links at the SSA web site provide more information:
  - Fact Sheet— <http://www.socialsecurity.gov/pubs/10111.html>
  - [Mailing \(L1026\)](#) on the SSA web site
  - "Social Security Administration Review of Your Eligibility for Extra Help" (1026B) <http://www.ssa.gov/prescriptionhelp/SSA-1026B-OCR-SM-INST.pdf>
- The bulletins and sample notices that will be sent to Medicare beneficiaries can be reviewed by looking at the following documents at:
  - [Changes in Qualifying for Extra Help in 2007:Materials for Partners and People with Medicare](#) [PDF, 47KB] on the CMS web site.
  - [Re-deeming Notice: Loss of \(Extra Help\) Status Version](#) [PDF, 58KB] on the CMS web site.
  - [Re-deeming Notice: Change in \(Extra Help\) Copayment Level Version](#) [PDF, 55KB] on the CMS web site.
  - [Information Partners Can Use on: Changes in Qualifying for Extra Help in 2007](#) [PDF, 48KB] on the CMS web site.
  - [You might still save on your Medicare prescription drug coverage costs even if you don't automatically qualify for extra help](#) [PDF, 427KB] on the CMS web site.

## Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0668.pdf>

If providers have questions, they may contact their Medicare carrier at their toll-free number which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS web site.